



LARRY HOGAN
GOVERNOR

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

September 20, 2022

The Honorable Joseph R. Biden, Jr.
President of the United States
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Biden,

I am currently conducting an economic development and trade mission to Korea and Japan, during which I have had the opportunity to meet with Korean President Yoon Suk-yeol, Minister of Foreign Affairs Park Jin, leading members of the Korean National Assembly, as well as leaders at the highest levels of major Korean corporations.

While I am pleased to report that each of our discussions have reflected enthusiasm and commitment for maintaining and expanding our critical alliance, I write to express concerns about provisions in the Inflation Reduction Act (IRA), which you recently signed into law, regarding production and content requirements for electric vehicles and batteries that have been expressed to me repeatedly by elected and business leaders representing our strongest Asian allies.

I appreciate and share your priority to bring greater manufacturing capability and supply chain stability to the United States' domestic market. However, I am troubled by your administration's decision to double down on trade policies favored by former President Trump that threaten American jobs and ultimately raise prices for American consumers. While onshoring is rightly our priority, friendshoring is an essential component of strengthening economic ties among the free world and combating dependence on Chinese goods.

Encouraging foreign-owned companies to invest in U.S. production facilities is mission critical to expanding domestic manufacturing. For example, Hyundai Motor Company announced plans in May to invest over \$5.5 billion in a US manufacturing facility in Georgia. Despite this investment in the U.S. market, Hyundai vehicles will be ineligible for the IRA's tax credits. I am deeply concerned that the resulting loss of market share and revenue risks delaying or derailing planned foreign direct investment in the U.S.



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You have consistently voiced commitments to decrease our dependence on fossil fuels and make goods more affordable for American families. The protectionist provisions in the IRA jeopardizes both of these priorities. Excluding Korean and other leading manufacturers from competitive pricing for vehicles and their component parts will drive up prices for Americans and make electric vehicles out of reach for many working families, delaying your stated goal of moving toward reducing emissions.

I understand that the IRA was fast-tracked in an election year environment and there is unlikely to be any legislative changes with just seven weeks until the midterm election. However, I am confident that there are actions the executive branch can and should take to address our allies' concerns including delayed implementation, regulatory modification and development of waivers.

For instance, your administration has considerable discretion over how waivers related to supply and cost allowed by the IRA are designed and implemented, which should be in a manner that ensures that domestic content standards do not impede the widespread adoption of electric vehicles or the development of renewable energy sources. Additional strategies could involve exemptions or delayed implementation for companies with commitments to invest in the U.S., or for allies with whom we have standing trade agreements.

With inflation remaining stubbornly high, I urge you to take steps to reverse or mitigate these well-intentioned but misguided provisions in the IRA and adopt a pro-growth agenda that removes burdensome rules and lowers prices for American families.

Sincerely,

A handwritten signature in black ink, reading "Larry Hogan".

Larry Hogan
Governor